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ABSTRACT

This examination of the current status of compensation for community college management and administrative personnel first summarizes the findings of a study conducted by Howard R. Bowen, which determined that, compared to business executives in comparable jobs within organizations of similar sizes, academic administrators were indeed underpaid. This fact is demonstrated in a table comparing the average salaries of academic and business personnel in nine comparable positions. Next, the benefits that are currently provided to California community college administrators are discussed in comparison to the growth of employee benefits in private industry. This discussion is followed by an outline of seven problems encountered in conducting studies of community college administrator salaries: (1) salaries do not reflect total compensation; (2) administrative positions at single and multiple campuses are difficult to compare; (3) often there is incongruity between a job title and its responsibilities; (4) it is difficult to compare colleges that have dichotomized faculty and management with colleges where faculty have administrative responsibilities; (5) some colleges do not differentiate between certificated and classified managers; (6) administrative salaries are not easily compared with faculty salaries; and (7) available data are frequently outdated. Suggestions for managers to improve their bargaining power with local boards conclude the report. (JP)

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MANAGEMENT REPORT

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Management Compensation
A Progress Report

By

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Introduction

Management compensation has always been of interest to managers. The new element is the complexity of the subject. In an attempt to provide ACCCA members with information for local and statewide use, the ACCCA Board established a committee on Management Compensation. This Management Report is intended to be a progress report to the membership.

The first section of the report is a reprint of an article by Bob DeHart published in an earlier ACCCA Adcom. It is repeated here because it should be included as the base for any Management Compensation discussion. It also should serve to remind the reader of the importance of Dr. Bowen's study and to encourage a reading of the complete document.

The balance of the report, hopefully, will provide members with an update on the committee's function. A further presentation will be incorporated in the annual convention in Monterey, March 8-11, in the form of a special interest session.

Please note that the report contains some recommendations and requests for your reactions. Comments are invited. It is the goal of the committee to develop a method of data gathering and dissemination that will serve the membership.

A New Study Answers The Question

ARE HIGHER EDUCATION ADMINISTRATORS ADEQUATELY PAID?

Dr. Howard R. Bowen, Professor of Economics at Claremont and a former government administrator and business executive, answers that question from the point of view of the "broad public interest" in a carefully researched study financed by the EXXON Education Foundation. In fact, he answers the question for faculty and classified staff too in a published report titled Academic Compensation: Are Faculty and Staff in American Higher Education Adequately Paid?, published by TIAA, 730 Third Avenue, New York, N.Y. This is a good report to keep in your library.

The data in the accompanying display are extracted from Dr. Bowen's report and his conclusion that emerges unmistakably is that academic administrators are paid markedly less than their counterparts in business. There was not a single case in which the academic person was paid as much as the opposite number in business and only one disparity as low as 12 percent. The pay in business jobs in most cases ranged from 40 percent higher to more than double the pay in similar academic jobs.

In finding that the earnings of academic administrators are far below those of business executives in comparable jobs within organizations of similar size (presidents and chancellors of colleges and universities, for example, earn less than half the pay of chief executive officers in business) reaches this conclusion:

> I see no reason to believe that the administration of a college or university is any less difficult or entails any less responsibility than the management of a company of similar size. Under these circumstances, these questions must be posed. Would colleges and universities be more successful over a period of time if they paid higher salaries to their administrators? Would they attract and hold more capable and better prepared people? Would these people perform with greater energy and dedication? Would the higher costs be returned in greater efficiency and in greater income? One may of course argue that higher education attracts many very capable and dedicated administrators at existing salary levels. One may suspect also that higher salaries for administrators might merely attract people who are interested in money and lacking in dedication. However, my opinion is that on balance a gradual upgrading of administrative salaries, on a highly selective basis, would be sound policy for higher education.

ACCCA's new Management Compensation Committee is collecting information like that found in this report and making it available to colleges. Bill Ramstad of San Diego Community College District chairs that committee.

Positions[1]	Average Salaries[3] by Size of Organization[1] Small	Medium	Large
Chief executive officer, higher education	$34.6	$ 40.8	$ 50.0
Chief executive officer, business	75.3	104.9	164.4
Chief academic officer (HE)[2]	25.1	33.9	43.6
Chief operating officer (B)[2]	68.0	93.0	140.9
Chief manufacturing executive (B)	40.3	58.7	71.4
Chief business officer (HE)	23.7	29.6	40.1
Top financial executive (B)	39.6	61.1	82.2
Treasurer (B)	37.6	45.7	54.0
Chief student life officer (HE)	18.8	28.3	36.3
Top industrial relations executive (B)	26.5	40.3	53.1
Dean, Arts and Sciences (HE)	19.2	30.3	40.1
Deans and Directors, schools and colleges, average (HE)	18.4	26.8	35.8
Top engineering executive (B)	29.5	41.2	53.3
Top research executive (B)	32.2	41.4	54.9
Top product development executive (B)	39.2	44.6	52.1
Admissions director (HE)	16.6	21.0	26.2
Top marketing executive (B)	43.4	60.3	71.9
General sales executive (B)	36.3	42.0	55.1
Director, computer center (HE)	16.0	22.7	33.4
Top data processing executive (B)	25.8	30.1	37.4
Controller (HE)	17.6	20.9	28.1
Controller (B)	27.3	39.4	49.2
Purchasing agent (HE)	13.5	16.1	24.4
Top purchasing executive (B)	22.3	35.5	39.5

Data for business apply to calendar year 1977 and for higher education to fiscal year 1976-77.

[1]The size designations are defined as follows:

	Business (sales)	Higher Education (enrollment)
Small	$ 10 to $ 25 millions	1,000 to 1,499 enrollment, private
Medium	50 to 100 millions	5,000 to 9,999 enrollment, public
Large	200 to 500 millions	20,000 to 29,999 enrollment, public

[2]HE refers to "higher education"; B refers to "business"

[3]Thousands of dollars

BENEFITS AND PERKS FOR MANAGEMENT

The special benefits that accrue to community college employees, particularly in the confidential and management ranks, have expanded over the last few years. Benefits beyond basic compensation come in two forms. Employees receive certain benefits as a direct result of legislation, which include workers' compensation, retirement, paid sick leave and unemployment insurance. Employees also receive fringe benefits as a result of Board of Trustees approval. These benefits are permissive and vary among the college districts in California.

An overview of the permissive benefits available to confidential and management staff will be cited followed by additional benefits available to workers in the private sector.

Every community college district in California provides health insurance with plans and costs that vary widely. Depending upon the specific benefits provided and to whom they are extended, the annual costs range from approximately $450 to $1600 per employee. Dental coverage, vision care, and paid prescriptions are other forms of benefits provided employees in the California community colleges. Annual payments per employee for dental insurance range from $150 to nearly $400.

In the non-health care area, long-term disability insurance, life insurance, and tax-deferred annuities are often available. Other special benefits sometimes provided top-level administrative personnel include legal aid, professional dues payments, and personal automobile insurance. An automobile may be furnished by the district, leased for the manager, or furnished through an allowance or mileage payments. Some districts provide top administrators with an expense account, usually through a non-profit foundation.

The number of contractual days required for confidential and management employees is based on holidays, vacation days, and special leave arrangements. Some management staff members have days for consulting, professional development, and sabbaticals incorporated into their contracts with the local Boards of Trustees.

Recently many California districts have added a variety of early retirement benefits. Management staff may retire, continue to be covered by most fringe benefits, and, in some cases, work for the district as part-time consultants to the limit permitted by STRS or PERS.

Private industry have all of the aforementioned fringe benefits available to them; and, additionally, they may offer stock options or profit sharing, discounts on company-provided goods or services, employee meals, severance pay, moving expenses, and special bonuses or awards.

The Chamber of Commerce of the United States of America, in a comprehensive employee benefit study for a cross section of American industry, "Employee Benefits 1975," summarized findings as follows:

1. Total benefits in 1929 amounted to three percent of that year's salaries, with eight-tenths of one percent legally required.

2. Total benefits as percentage of payroll in 1955 was 17 percent, including 3.3 percent for legally required payments.

3. In 1965 the percentage of payroll for total benefits amounted to 21.5 percent with 5.3 percent legally required.

4. By 1975 the total benefits amounted to 30.0% of payroll for that year, including 8.4 percent for legally required payments.

The growth of employee benefits during the recent years has substantially improved the well-being and security of the employee, but the costs have also increased substantially. Payments for vacations, holidays, rest periods, etc. constitute nearly half of the total employee benefits. Employee benefit payments differ in the private and public sectors, ranging from less than twenty percent to over sixty percent of payroll.

WHAT IS THE CURRENT STATUS OF MANAGEMENT SALARY STUDIES

At first glance, the simplest part of the management compensation problem is to determine the status of management salaries. In fact, the data are made available annually to all community college districts by the Chancellor's Office each December or January or February or March. The Chancellor's Office receives from each district a list of each administrative position with its accompanying salary. To the uninformed, these data would appear to be "complete and current data" that could be the basis for all comparisons and no other information is necessary. The Chancellor's Office is to be commended for their efforts. Yet, the data do not provide the answer for community colleges in determining comparisons of management salaries. Problems that are associated with these data are as follows:

Total compensation is not reflected in the salary data. Reported salaries do not reflect other compensations such as allowances and fringe benefits. Salaries might be an inequitable representation of total compensation.

The difficulty of comparing single and multiple campuses. Top-level administrators are difficult to compare between single and multiple campuses. To some, the top administrator in a certain area (business, instruction, student personnel) can be equated independent of type of campus. Others disagree.

The incongruence of titles and responsibilities. Common job titles frequently have different responsibilities while different job titles (coordinator, director, manager, dean, associate dean) may have similar assignments. Size of college and number of people or assignments of positions is another important variable.

The faculty-management problem. In many colleges, management personnel are clearly defined. These colleges have dichotomized faculty and management. Other colleges have such assignments as department chairs in which one-half or part of their load is devoted to teaching while the remaining time is devoted to administrative activities. Salary comparisons among colleges when such inconsistencies exist result in questionable validity of such comparisons.

Classified Management inconsistencies. Some colleges do not differentiate between certificated and classified managers. Classified managerial positions may be at a high level on campuses (e.g., chief business officer, data processing director who reports directly to the president). Other colleges do not include classified managers in their salary reports.

Administrative salaries in comparison with faculty salaries. There are philosophical differences among campuses about comparing administrative salaries with teachers salaries. Comparisons are frequently made by percentages, factor increments, dollar differences, and/or fringe benefit differences. Different temporal faculty and administrative salary data make comparisons difficult.

The recency of the data. Apart from the uncooperativeness of obtaining data previously mentioned, a major problem exists, especially in recent years (mainly because of collective bargaining of faculty and the uncertainties of financing), that has to do with the ability to obtain salary data at a particular point in time. Inasmuch as management as well as faculty salaries are negotiated almost the year around, it is important that immediate retrieval be inaugurated.

PLANNING AND IMPLEMENTING A LOCAL PROGRAM

Even though state support now represents the majority of income for California community colleges, local Boards of Trustees still make management salary decisions.

While no magical panacea has appeared on the horizon, experiences in some districts seem to indicate that there are procedures that can be successful.

It should be emphasized that we need to be pragmatic--if something works, use it. If it doesn't work, try something else. In many districts, the Chancellor or superintendent represents all managers in their relationships with the Board and they have achieved a highly competitive position as a result. In other districts, the management staff deals directly with the Board.

1. All of the old saws about unity and strength seem to apply in management circles, too. A professional organization at the local level with respected leadership presenting hard data tends to be given careful consideration by Chancellors/Superintendents or Boards.

2. Develop a management handbook, approved by the Board, reducing to writing leave agreements, salaries, benefits and other working conditions.

3. Consider professional representation in your contacts with the Chancellor/Superintendent or Board. Management cannot bargain, but in some cases tension is reduced and personalities protected by a third party presentation of salary and benefit proposals. Particularly is this true in dispute settlement.

4. Adopt a positive attitude in your relationships with the Board. As managers you are the principal representatives of your Board. A strong management group can be a strong representative for the Board.

5. Appoint a member to be your local resource for salary and benefit data. Encourage this person to establish a contact with the ACCCA committee.

COMMITTEE GOALS

1. Develop a procedure and format that would provide immediate retrieval of data and eliminate the deficiencies identified.

2. Conduct a benchmark survey.

3. Establish a center for the gathering of management handbooks and management compensation data.

4. Develop a regular communication schedule with managers on the status of management salary data.

5. Conduct a special interest session at the annual convention in Monterey, March 8-11, 1980.

CONCLUSION

Your committee invites comments from members, particularly about the 1980 goals of the committee. It is our responsibility to provide a service to you. Your input will help us accomplish our task. A call or note to any member of the committee will receive a prompt response.

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